

Message Text

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45/15

ORIGIN EB-11

INFO OCT-01 FEA-02 AF-10 ARA-16 EA-11 EUR-25 NEA-10 RSC-01

ISO-00 AEC-11 AID-20 CEA-02 CIAE-00 CIEP-02 COME-00

DODE-00 FPC-01 H-03 INR-10 INT-08 L-03 NSAE-00 NSC-07

OMB-01 PM-07 SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00

CAB-09 DOTE-00 FAA-00 PA-04 USIA-15 PRS-01 /229 R

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FEO:MR. FIORI

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R 122150Z APR 74

FM SECSTATE WASHDC

TO AMEMBASSY ABIDJAN

AMEMBASSY ATHENS

AMCONSUL AUCKLAND

AMEMBASSY BEIRUT

AMEMBASSY BELGRADE

AMEMBASSY BERN

AMEMBASSY BRIDGETOWN

AMEMBASSY BOGOTA

AMEMBASSY BONN

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY BRASILIA

AMEMBASSY BRUSSELS

AMEMBASSY BUENOS AIRES

AMEMBASSY CAIRO

AMEMBASSY CARACAS

AMCONSUL CASABLANCA

AMEMBASSY COPENHAGEN

AMCONSUL CURACAO

AMEMBASSY DUBLIN

USMISSION GENEVA

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AMEMBASSY GEORGETOWN

AMEMBASSY GUATEMALA
AMEMBASSY HELSINKI
AMCONSUL JOHANNESBURG
AMCONSUL KARACHI
AMEMBASSY KINGSTON
AMEMBASSY LAGOS
AMEMBASSY LIMA
AMEMBASSY LISBON
AMEMBASSY LONDON
AMEMBASSY MADRID
AMEMBASSY MANAGUA
AMEMBASSY MANILA
AMCONSUL MELBOURNE
AMEMBASSY MEXICO
AMEMBASSY MONTEVIDEO
AMCONSUL MONTREAL
AMEMBASSY MOSCOW
AMEMBASSY NAIROBI
AMEMBASSY NASSAU
AMEMBASSY NEW DELHI
AMEMBASSY OSLO
AMEMBASSY OTTAWA
AMEMBASSY PANAMA
AMEMBASSY PARIS
AMEMBASSY PORT AU PRINCE
AMEMBASSY PORT OF SPAIN
AMEMBASSY PRAGUE
AMEMBASSY QUITO
AMEMBASSY REYKJAVIK
AMCONSUL RIO DE JANEIRO
AMEMBASSY ROME
AMEMBASSY SAN JOSE
AMEMBASSY SAN SALVADOR
AMEMBASSY SANTIAGO
AMEMBASSY SANTO DOMINGO
AMEMBASSY SEOUL
AMEMBASSY SOFIA
AMEMBASSY STOCKHOLM
AMCONSUL SYDNEY
AMEMBASSY TAIPEI
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/AMEMBASSY TEGUCIGALPA 1457
AMEMBASSY TEL AVIV
AMEMBASSY THE HAGUE
AMEMBASSY TOKYO
AMCONSUL VANCOUVER

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C O R R E C T E D C O P Y (OMISSION OF PORTIONS OF TEXT
THIRD LINE FROM END)

E.O. 11652: N/A

TAGS: ETRN, XT

SUBJ: CIVAIR- FEDERAL ENERGY OFFICE (FEO) REVISED
REGULATIONS ON FUEL FOR INTERNATIONAL CARRIERS

REF: STATE 46824; STATE 9768

1. IN APRIL 10, FEDERAL REGISTER, THE FEDERAL ENERGY OFFICE (FEO) PUBLISHED NEW REGULATIONS GOVERNING FUEL FOR INTERNATIONAL CARRIERS INTENDED TO MEET COMPLAINTS OF US AND FOREIGN INTERNATIONAL CARRIERS ABOUT SPIRALLING PRICES FOR BONDED AND NAPHTHA BASED AVIATION FUEL AND THE INABILITY OF THE INTERNATIONAL CARRIERS TO SECURE ADEQUATE SUPPLIES OF DOMESTIC FUEL TO COVER SHORTFALLS WHEN BONDED FUEL WAS UNAVAILABLE AT A PARTICULAR POINT. THE BASIC FEATURES OF THE NEW RULES ARE AS FOLLOWS:

(A) THE MANDATORY PETROLEUM ALLOCATION REGULATIONS ARE REVISED TO ALLOW INTERNATIONAL AIR CARRIERS ACCESS TO NON BONDED AVIATION FUELS (IE DOMESTIC AND IMPORTED FUEL AND FUEL PRODUCTS) WHEN BONDED AVIATION FUEL IS NOT AVAILABLE AT A PRICE WHICH DOES NOT EXCEED THE LAWFUL PRICE WHICH THE SUPPLIER MAY CHARGE FOR NONBONDED AVIATION FUEL AT A PARTICULAR POINT. SUPPLIERS ARE TO NOTIFY INTERNATIONAL AIR CARRIERS UPON REQUEST WHETHER THE SUPPLIER WILL PROVIDE BONDED AVIATION AT THE LAWFUL PRICE AT A PARTICULAR POINT.

(B) THE AMOUNT OF NON BONDED FUEL TO WHICH AN INTERNATIONAL CARRIER WILL BE ENTITLED IS THAT AMOUNT WHICH WHEN ADDED TO THE BONDED AVIATION FUEL CERTIFIED AS AVAILABLE TO THE CARRIERS WILL RESULT IN TOTAL VOLUMES OF NONBONDED AND UNCLASSIFIED

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BONDED AVIATION FUEL AVAILABLE TO THE CARRIERS SUFFICIENT TO BRING THEM TO PARITY WITH DOMESTIC CARRIERS.

(C) THE MANDATORY PRICE REGULATIONS ARE REVISED TO REMOVE THE EXEMPTION FROM PRICE CONTROLS FOR NON-BONDED AVIATION FUELS UPLIFTED IN THE US FOR INTERNATIONAL FLIGHTS AND TO PLACE CONTROLS ON NAPHTHA BASED (JP-4) FUEL.

(D) TO SECURE INCREASED SUPPLIES OF DOMESTICALLY REFINED AVIATION FUEL, FEO, IN A SEPARATE NOTICE, INCREASED THE PROPORTION OF KEROSENE BASE JET FUEL TO BE PRODUCED UNDER THE REFINERY YIELD PROGRAM.

(E) THE NEW REGULATION DOES NOT PLACE BONDED FUEL UNDER FEO ALLOCATION AND PRICE CONTROLS BUT AS INDICATED ABOVE IT WILL BE A FACTOR IN ALLOCATIONS OF DOMESTIC FUEL TO INTERNATIONAL CARRIERS.

2. THE NEW REGULATIONS WERE FAVORABLY RECEIVED BY MOST MAJOR INTERNATIONAL AIR CARRIERS, THE AIR TRANSPORT ASSOCIATION (ATA) AND CIVIL AERONAUTICS BOARD). THE DOMESTIC CARRIER GENERALLY OPPOSED IT BECAUSE IT EXPECTS INCREASES IN THE DOMESTIC PRICE OF AVIATION FUEL TO RESULT. KISSINGER

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